

# Independent Oversight Report 2023

## A. Objective

The Securities and Exchange Commission (the "SEC") issued the Notification of the Capital Market Supervisory Board No. TorThor. 49/2562 (the "Regulations") requiring asset management companies ("AMCs") to monitor practices in line with the Securities and Exchange Act with the primary aims of safeguarding benefits entitled to mutual fund unitholders and raising governance standards of AMCs in the interest of improving protection for unitholders.

This independent oversight function is performed by Tembusu Services who have been engaged by AAMTL to perform independent monitoring on its adherence to practices relating to the requirements stipulated in the Regulations.

## B. Test Plan and Fact Assessment

The monitoring scope includes mutual funds managed by Aberdeen Asset Management (Thailand) Limited. The following is a summary table of the test plans, fact assessments, and findings from Independent Oversight team during the period of December 2022 - November 2023 (through, e.g., interviews, sample testing, reviewing AAMTL's policies/processes and reports).

<b>Monitoring scope #1</b> : Affiliated transactions and transactions of financial products/instruments whose market prices are not available or which are illiquid	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"><li>- Ascertain if conflict of interests ('COI') policy sets out the handling of affiliated/related transactions, and whether they are appropriate.</li><li>- Ascertain that the information on crossing, related transactions and connected brokers are disclosed in the company website.</li><li>- Review the compliance monitoring performed (on cross trades and connected persons transactions) by the Compliance team and ascertain if they are appropriate.</li><li>- Ascertain if the SEC regulations on cross trades are incorporated into the policy.</li><li>- Ascertain if COI policy sets out pricing and valuation (including illiquid securities), and whether they are appropriate.</li><li>- Ascertain if the reportable practices relating to conflict of interests have been submitted to the SEC and Board within the deadline.</li></ul>	No exception noted.

<b>Monitoring scope #2</b> : Investment of mutual funds has been managed as disclosed to investors	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>- Ascertain that the investment objective in fund documents commensurate with investment decisions.</li> <li>- Ascertain if relevant risk statistics and measures of the funds are reasonable and whether exceptions are justified.</li> <li>- Ascertain if the use of the benchmark is disclosed in the fund documents.</li> </ul>	<p>There are changes to the investment strategy for the Equities team.</p> <p>No exceptions noted.</p>
<b>Monitoring scope #3</b> : Selection and monitoring service providers (charging expenses to mutual funds/unitholders)	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>- Ascertain the expenses and fees charged have been audited.</li> <li>- Ascertain if expenses and fees are reasonable against competitor funds.</li> <li>- Ascertain if there are any related service providers and whether the expenses and fees are reasonable.</li> </ul>	No exception noted.
<b>Monitoring scope #4</b> : Execution of transaction orders for capital market products and financial instruments	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>- Ascertain if the deal monitoring review is reasonable and any exceptions.</li> <li>- Ascertain if the broker usage review is reasonable and any exceptions.</li> <li>- Ascertain if the top brokers are affiliated and whether the execution of transaction orders are appropriate.</li> <li>- Ascertain if there are policies and procedures in place for executing transactions.</li> </ul>	No exception noted.
<b>Monitoring scope #5</b> : Process of charging fees and expenses borne by mutual funds or unitholders	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>- Ascertain fund disclosure documents include fees and expenses charged to the fund/unitholders, and they are appropriate, not misleading, and easily understood.</li> <li>- Ascertain the management fees charged across different investment approach are reasonable. E.g. passive managed funds generally have lower fees compared to active managed funds.</li> </ul>	No exception noted.
<b>Monitoring scope #6</b> : Proxy voting practice	
<b>Test descriptions</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>- Ascertain if proxy voting policy is appropriate.</li> <li>- Ascertain if the compliance monitoring review is appropriate.</li> <li>- Ascertain the proxy voting decisions are appropriate and documented.</li> </ul>	No exception noted.

### **C. Monitoring program / Reviewing Methodology / Other substitute monitoring system ('Monitoring')**

The Monitoring adopts a risk-sensitive approach in designing the methodologies, taking into account of the scale and size of the mutual funds and the complexity of the fund management activities involved. The Monitoring establishes the level and adequacy of internal policies and processes from the first line of defence; the extent of oversight from the second line of defence, and lastly assurance reports produced by the internal/external audit function as the third line of defence. The Monitoring determines the most appropriate approach including sample testing, in-depth interviews with relevant stakeholders and reviewing relevant reports and output documents.

### **D. Business Updates**

Since the last Monitoring, it was noted the following changes occurred in the operations of AAMTL and these have been considered as part of this Monitoring where applicable.

1) Merger of abrdn Listed Private Capital Fund ("ABPCAP-M") into the abrdn Global Dynamic Dividend Fund ("ABGDD-M")

The abrdn SICAV I – Listed Private Capital Fund ("Master Fund") was closed as it has not attracted the levels of inflows anticipated since its launch and has experienced a gradual decline in its net asset value over the past few years. As the ABPCAP-M invests into the Master Fund, the merger of ABPCAP-M into ABGDD-M was proposed and approved via unitholders' resolution. The merger was completed in October 2023.

2) Merger of abrdn American Growth Fund (ABAG) into abrdn American Growth – Smaller Companies Fund (ABAGS-M)

The merger arose due to the AS SICAV I – American Focused Equity Fund merging into the AS SICAV I – North American Smaller Companies Fund. The merger was proposed in order to offer investors a strategy that has a similar investment exposure and for AAMTL to retain assets. The merger was completed in April 2023.